

Votes for the Credit Cardholders' Bill of Rights

Washington, DC - Rep. Linda Sánchez (D-CA), today pushed and voted for the "Credit Cardholders' Bill of Rights Act," (H.R. 627), which provides crucial protections against unfair - and until now - common credit card practices.

"In this economy, as more people are out of work, we cannot tolerate abusive and unfair practices by credit card companies that exploit hard-working families," said Rep. Linda Sánchez. "In response to continual increases in interest rates and fees, Congress is cracking down to level the playing field between credit card companies and consumers."

This bill will help protect American consumers by banning retroactive rate hikes on existing balances, increasing advance notice of future rate increases, and giving cardholders more control over their credit limits. It also prohibits charging fees just to pay a bill by phone, charging over-the-limit fees unless a consumer opts-in in advance or issuing credit cards to minors. It will abolish industry abuses that are deceptive and anti-competitive.

"As hard times hit our neighborhoods, families may depend on credit cards to pay an electric bill, the weekly trip to the grocery store, or fill up their gas tank to get to work," continued Sánchez. "I am proud we are ending these unconscionable practices today and giving cardholders the information and rights they deserve to make decisions about their own credit."

The Credit Cardholders' Bill of Rights:

- * Protects cardholders against arbitrary interest rate increases
- * Prevents cardholders who pay on time from being unfairly penalized
- * Protects cardholders from due date gimmicks
- * Shields cardholders from misleading terms
- * Empowers cardholders to set limits on their credit
- * Requires card companies to fairly credit and allocate payments
- * Prohibits card companies from imposing excessive fees on cardholders
- * Prevents card companies from giving subprime credit cards to unqualified people
- * Requires Congress to provide better oversight of the credit card industry
- * Contains NO rate caps, fee setting, or price controls

Last September, the Credit Cardholder's Bill of Rights (H.R. 5244) passed the House, by a vote of 312-112, but the bill died in the Senate. It would have banned many of the worst unfair, deceptive and anti-competitive practices of the credit card industry including so called "universal" default, double-cycle billing, and retroactive rate hikes. In December, the Federal Reserve released final regulations that would ban many of these practices, but the new rules do not take effect until July 2010. The bill would take effect 90 days after the President signs it.